

Statement of Thomas S. Paul
HHS Task Force on Drug Importation
Health Care Purchasers Meeting
May 5, 2004

Thank you for inviting UnitedHealth Group to participate in today's meeting. I am Tom Paul, Chief Pharmacy Officer for Oventions, UnitedHealth Group's business that focuses on meeting the health care needs of the over-50 population. I am pleased to provide you with a healthcare purchaser's perspective on issues relating to drug importation.

Oventions, and the other companies of UnitedHealth Group, have extensive experience providing health care services to the federal government, state governments and private payers. As the largest health and well-being company in the United States, UnitedHealth Group's operating businesses provide a diverse and comprehensive array of services to over 55 million individuals nationwide.

UnitedHealth Group has a long-standing commitment to serving senior Americans. Our participation in the Medicare program is fundamental to our core mission – to support individuals, families, and communities to improve their health and well-being at all stages of life. We aim to facilitate broad and direct access to affordable, high quality health care.

Oventions is the largest provider of health care services to seniors in America. We are a major provider of services through the traditional fee for service program, health plans, and demonstration programs for the frailest Medicare beneficiaries. On behalf of AARP, we operate the only national Medigap offering today. We deliver supplemental health insurance products and services to 3.7 million AARP members living in all 50 states, the District of Columbia, Puerto Rico and the Virgin Islands. Through this program, we provide prescription drug coverage to the majority of all Medicare beneficiaries who receive drug coverage through Medigap plans. The prescription drug card we offer, also working with AARP, is the nation's largest, providing beneficiaries who remain in traditional Medicare with some of the best drug discounts available. This card has just been selected as a CMS-endorsed Medicare Prescription Drug Discount Card.

We also provide Medigap health coverage to over two million working aged and retirees through our employer-sponsored programs, over 200,000 Medicare Advantage members, and nearly 25,000 frail elderly individuals and 36,000 elderly and disabled Medicaid beneficiaries through our specialized health plans.

UnitedHealth Group is committed to finding solutions to making health care coverage affordable for all Americans. Senior Americans in particular are hard hit by the high cost of health care, especially prescription drugs. Many older Americans are living on fixed incomes, have limited prescription drug coverage and have more chronic health care conditions than younger American, which require more prescription drugs. With that being the case, it is easy to understand why more and more older Americans are searching for ways to buy lower-priced drugs, like buying them across the border or from international Internet pharmacies.

Better Value for Drug Spending

We believe a promising option for making sure we get the best value out of our prescription drug spending is through increasing research efforts on the comparative effectiveness of prescription drugs. This research will provide health care purchasers with better information on which to make coverage decisions that improve the quality, effectiveness and efficiency of our health care services.

Better comparative information on the efficacy of different treatment options will help doctors prescribe more effectively and appropriately. Moreover, consumers would benefit greatly from reliable information that directly compares different treatment options, and other purchasers would be able to make more informed decisions about how they spend their health care dollars.

In addition, we think an increased focus on comparative effectiveness research will stimulate innovation. If the science has already proven a particular drug to clearly be the most effective drug in its class, it may be less appealing to focus on development of “copycat” drugs.

With the cost of health care continuing to rise, obtaining the greatest health care value is essential. There are numerous clinical areas where better, more definitive research will improve the quality of care, and in some of these areas this research may make it possible to spend less than would otherwise be likely.

We think increased research on the comparative effectiveness of prescription drugs could have a much greater impact on reducing prescription drug costs, over the long run, than importation would have. More importantly, this type of research would allow us to address efficacy and quality first, not simply cost.

Safety

While we have not taken a position on whether or not importation should be allowed, we have identified actions we believe are necessary, from a purchaser’s point of view, to ensure safety should be it allowed. If importation is allowed, prescription drugs should be dispensed and distributed according to established practices.

Throughout the United States, a sophisticated claims processing system is utilized to ensure appropriate benefit determination as well as drug utilization reviews. UnitedHealthcare includes over 56,000 pharmacies in its current network. A member can go to any one of these pharmacies to access prescription services included under United’s pharmacy benefit. All network pharmacies are linked through a claims transaction system to support a single drug profile system for members.

By maintaining a single drug profile, our members can go to any network pharmacy and be assured that a clinical review will be completed on each claim – connecting each and every pharmacy claim. These reviews include drug-drug interactions, drug-disease interactions, drug-age concerns and duplicative therapy concerns. Messaging is returned to the pharmacist on-line to make them aware of the potential serious interaction.

If a member goes to a non-network pharmacy, such as a Canadian pharmacy, the members profile will become disconnected and the sophisticated clinical review process may become less complete. Therefore, if importation is allowed, we strongly recommend that health care purchasers be allowed to contract with foreign pharmacies, so we can include them in our networks and our drug utilization review systems. Using existing, proven industry approaches to dispensing imported pharmaceuticals is critically important for ensuring beneficiaries continue to receive the best outcomes and the best continuity of care.

In closing, we believe that all Americans should have access to the prescription drugs appropriate to treat their medical conditions. We need to find ways to ensure that all Americans, particularly older Americans, can afford their needed medications. We strongly support further steps to lower drug costs for senior Americans.